

DOC. #5171
ADOPTED
4/27/89

LESSOR STATEMENT, ACKNOWLEDGEMENT AND
ESTOPPEL CERTIFICATE

Pursuant to a request by Central Cooperative Bank ("Central") the Boston Redevelopment Authority (the "BRA"), a public body politic and corporate organized under the laws of the Commonwealth of Massachusetts hereby, states as follows:

1. The BRA is the owner of a certain parcel of land more particularly described in a deed dated July 7, 1978, recorded with the Suffolk County Registry of Deeds at Book 9182, Page 149 known as the "Historic Monument Parcel" in the Charlestown section of the City of Boston.

2. John Paul Jones Limited Partnership, a Massachusetts limited partnership (the "Lessee"), entered into a Ground Lease dated October 31, 1985 (the "Lease") with the BRA with respect to Building 120 located on a portion of the Historic Monument Parcel.

3. The BRA acknowledges that the Lessee has given to it written notice of the Lessee's intention to grant a Leasehold Mortgage to Central in the original principal amount of One Million Four Hundred Twenty Thousand (\$1,420,000.00) Dollars, and that said notice fully complied with the requirements of 23.1 of the Lease.

4. The BRA acknowledges that (a) Central is a "Qualified Leasehold Mortgagee" as such term is defined in the Lease and (b) the original principal amount of the Central Leasehold Mortgage does not exceed "Total Project Costs" as such term is defined in the Lease.

5. The undersigned certifies that the Lease is unmodified and in full force and effect and there are no Tenant defaults under the Lease.

Signed under the penalties of perjury this _____ day of April, 1989.

BOSTON REDEVELOPMENT AUTHORITY

By: _____
Stephen Coyle, Director

Witness

MEMORANDUM

APRIL 27, 1989

TO: BOSTON REDEVELOPMENT AUTHORITY
STEPHEN COYLE, DIRECTOR

FROM: JOHN LEIGH, ASSISTANT DIRECTOR
ROBERT RUSH, DEPUTY DIRECTOR
HARBOR PLANNING AND DEVELOPMENT

SUBJECT: BUILDING 120, CHARLESTOWN NAVY YARD

SUMMARY: Authorization is requested for John Paul Jones Limited Partnership, tenant of Building 120, to refinance its leasehold estate pursuant to Article 23 of the Ground Lease.

Project Background

On October 31, 1985 a certain Ground Lease for Building 120 was executed between John Paul Jones Limited Partnership ("Tenant"), a Massachusetts limited partnership, and the Boston Redevelopment Authority ("Landlord"). These leased premises are situated in the Historic Monument Area in the Charlestown Navy Yard: Building 120 was built in 1905, contains 16,000 square feet, and was the original Dental and Dispensary facility for the Navy Yard (the "Project").

Refinancing by Tenant

Pursuant to the provisions of Article 23 of the Ground Lease, Tenant has given notice by letter dated April 19, 1989 (as supplemented by an April 24, 1989 letter) of its intention to encumber its leasehold estate in order to refinance an outstanding existing loan with Shawmut Bank, N.A. ("Shawmut") with Central Cooperative Bank ("Central"). The remaining principal and interest outstanding with Shawmut is One Million, Two Hundred and Forty-Nine Thousand Dollars (\$1,249,000), and the proposed Leasehold Mortgage with Central is One Million, Four Hundred and Twenty Thousand Dollars (\$1,420,000). The Tenant warrants that Central Cooperative Bank is a "Qualified Leasehold Mortgagee" as such term is defined at Section 31.7 of the Ground Lease.

Under Article 3, Section (C)(4) of the Ground Lease, the term "Net Refinancing Proceeds" means the amount by which the proceeds of Refinancing ...exceed the greater of Total Project Costs or the then outstanding principal balance of the existing financing. The original principal amount of the proposed Central Leasehold Mortgage of \$1,420,000 does not exceed Building 120 "Total Project Costs" of \$1,582,628 as such term is defined at Section 31.10 of the Lease, and as represented by Tenant. Further, Tenant represents that the difference between the existing and proposed mortgages of One Hundred and Seventy-One Thousand Dollars (\$171,000) will be used to pay a portion of the debt owed by the John Paul Jones Limited Partnership to its General Partner for expenses incurred with the Project. Consequently, the \$171,000

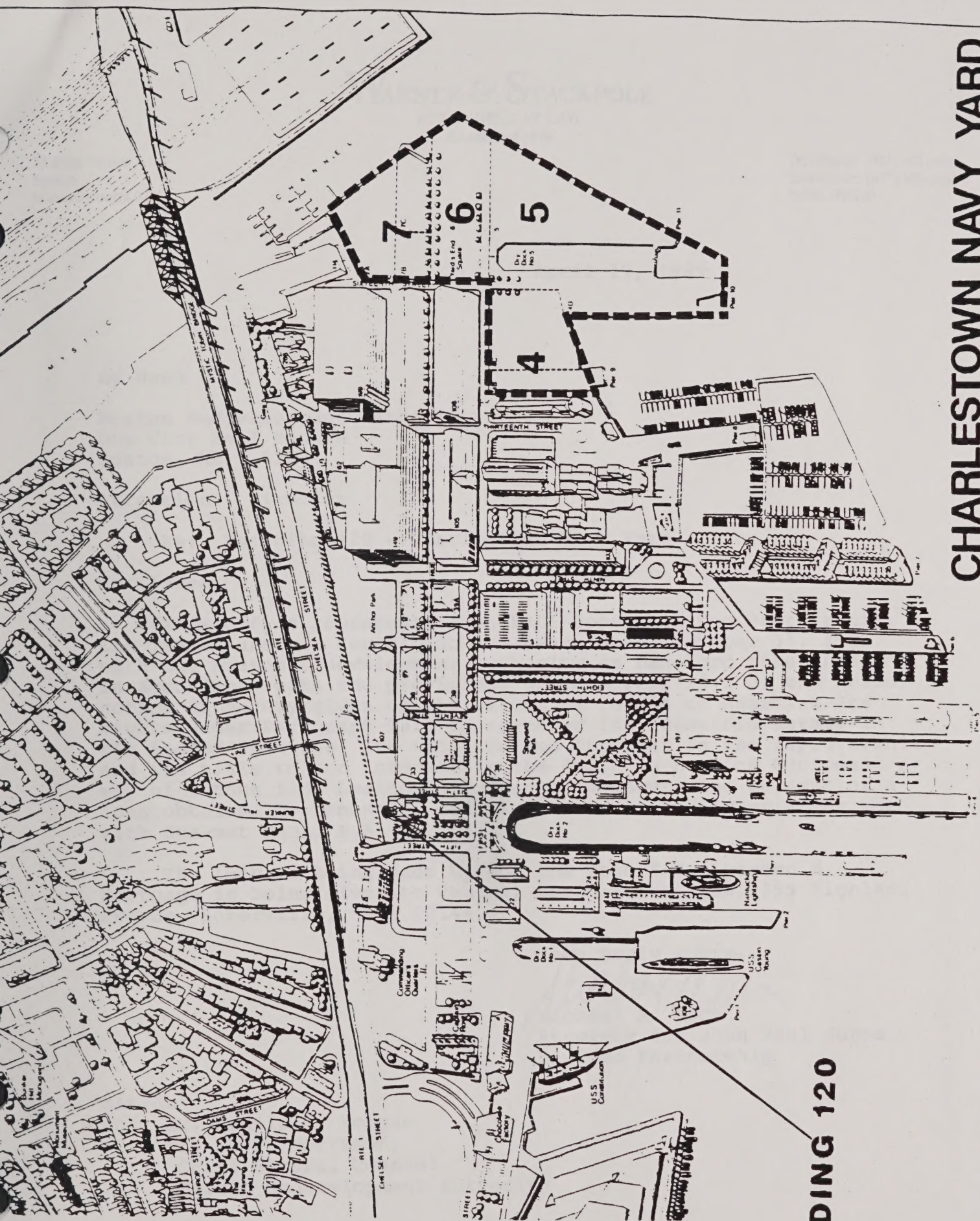
does not constitute Net Refinancing Proceeds to the John Paul Limited Partnership. (See attached December 21, 1988 letter from Peat Marwick: total debt owed to General Partner is \$333,628.)

For the reasons stated above it is recommended that the Boston Redevelopment Authority find that the Tenant has complied with the provisions of Article 23.1 in giving prior written notice to the Landlord of its intention to exercise its rights under Section 23.1 of the Ground Lease for Building 120, that based on the Tenant's representations, the Tenant will not realize any Net Financing Proceeds from the proposed transaction, and that therefore Article 3.1 (B)(2) of the Ground Lease, pursuant to which 15% of Net Refinancing Proceeds is to be paid to Landlord, is not applicable.

An appropriate vote follows:

VOTED: That the Boston Redevelopment Authority ("Landlord") finds: (a) that the John Paul Jones Limited Partnership, Tenant of Building 120 pursuant to an October 31, 1985 Ground Lease ("Tenant") with Landlord, has complied with the provisions of Article 23.1 in giving prior written notice to the Landlord of its intention to exercise its rights to encumber its leasehold estate in Building 120 under Section 23.1 of the Ground Lease; and, based on Tenant's representations as to the following: (b) finds that Central Cooperative Bank, the proposed mortgagee, is a "Qualified Leasehold Mortgagee" as such term is defined at Section 31.7 of the Ground Lease; and (c) finds that Tenant will not realize any Net Financing Proceeds from the proposed refinancing transaction for Building 120, subject to the right of the Authority to confirm the Net Financing Proceeds by audit in accordance with the Ground Lease; and (d) and therefore, subject to the provisions of clause (c) above, that Article 3.1 (B)(2) of the Ground Lease is not applicable; and further that the Director is authorized to execute the attached "Lessor Statement, Acknowledgement and Estoppel Certificate" and any other documents necessary to effectuate said transaction, all in such form as the Director deems necessary and appropriate.

BUILDING 120



WARNER & STACKPOLE
ATTORNEYS AT LAW
Established 1874

75 State Street
Boston
Massachusetts 02109

Telephone: (617) 951-9000
Telecopier: (617) 951-9151
Telex: 940139

April 19, 1989

By Hand

Boston Redevelopment Authority
One City Hall Square
Boston, MA 02201

Attention: Director

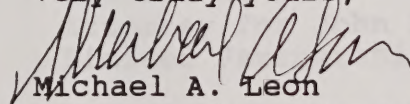
Re: Building 120 - Charlestown Navy Yard

Gentlemen:

This office represents John Paul Jones Limited Partnership, the Tenant under a certain Ground Lease dated October 31, 1985 with the Boston Redevelopment Authority as Landlord (the "Lease"). In accordance with the provisions of Paragraph 23.1 of the Lease, notice is hereby given of the intent of Tenant to exercise its rights under Paragraph 23.1 to encumber its leasehold estate in the Leased Premises, its title to and interest in the Improvements and its title to and interest in the Building Service Equipment by way of a bona fide Leasehold Mortgage to secure the payment of a loan obtained by tenant to refinance an outstanding existing loan with Shawmut Bank, N.A.

The loan is being made by and the bona fide Leasehold Mortgage is being given to Central Cooperative Bank, 399 Highland Avenue, Somerville, MA 02144.

Very truly yours,



Michael A. Leon
Attorney for John Paul Jones
Limited Partnership

MAL/db

cc: Mr. Dennis J. Morgan
Mr. Kevin Morrison,
Chief General Counsel
Boston Redevelopment Authority

WARNER & STACKPOLE
ATTORNEYS AT LAW
Established 1874

75 State Street
Boston
Massachusetts 02109

Telephone: (617) 951-9000
Telecopier: (617) 951-9151
Telex: 940139

April 24, 1989

Boston Redevelopment Authority
One City Hall Square
Boston, MA 02201

Attention: Director

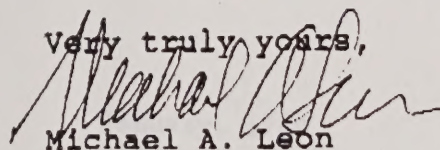
Re: Building 120 - Charlestown Navy Yard

Gentlemen:

This letter is to supplement my letter to you dated April 19, 1989 concerning the above-referenced project. Based upon information provided to us by John Paul Jones Limited Partnership, I am writing to inform you that Total Project Cost as defined in Section 31.10 of the Ground Lease dated October 31, 1985 equals \$1,582,628.00 (\$1,249,000 balance owed to Shawmut Bank, N.A. and \$333,628 owed to the general partner for expenses incurred with the project). Enclosed are copies of a letter from Peat Marwick dated December 21, 1988 and a mortgage statement dated March 1, 1989.

Inasmuch as the proposed \$1,420,000 loan from Central Cooperative Bank will not exceed Total Project Cost, the provision for 15% of Net Refinancing Proceeds to be paid to the BRA under Section 3.1B(2) is not applicable.

Very truly yours,



Michael A. Leon
Attorney for John Paul Jones
Limited Partnership

/db

cc: Mr. Dennis J. Morgan

Certified Public Accountants

Peat Marwick Main & Co.
 One Boston Place
 Boston, MA 02108

Telephone 617 723 7700
 Telex 617 443 0082 PMMSOST

Telecopier 617 723 6564

December 21, 1988

Mr. Dennis J. Morgan
 Morgan Associates
 Four Longfellow Place
 Suite 3602
 Boston, MA 02114

Dear Dennis:

We have prepared the following analysis concerning the outstanding balance of money owed to the General Partner by John Paul Jones Limited Partnership.

To the extent allowed under the existing partnership agreement of John Paul Jones Limited Partnership, the current General Partner loans should be refinanced at an amount which would include \$275,000 of the outstanding balance of these loans which currently totals \$333,628. The remaining balance of the General Partner loan (\$58,628) will continue to accrue interest as provided under the partnership agreement.

Since the General Partner loans currently accrue interest at 14%, it would be to the benefit of all partners if the Partnership pay off these high interest rate loans with a lower interest rate mortgage and spread the payments over 30 years, thereby increasing cash available for distribution due to the decrease in annual debt service.

The analysis presented indicates possible results of refinancing given the following assumptions.

Assumptions:

Date of Refinancing	January, 1989
Refinanced Rate - Prime + 1.25%	13%
New mortgage balance	\$275,000
Amortization period	30 years
Refinancing costs	2 points

<u>Yearly Interest Accrued</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
Before Refinancing	43,403	49,825	49,825
After Refinancing	41,441	43,260	43,260

Assuming the refinancing costs would not exceed \$3,500 (2% of the refinanced mortgage), this additional cash outlay would be recovered on a present value basis by October of 1991. Additionally, it is assumed that interest accrues monthly and is payable annually on current General Partner loans.

1777
KPMG Peat Marwick

Mr. Dennis J. Morgan
December 21, 1988
Page 2

This analysis could be altered if the interest rate on the refinanced mortgage is higher than expected or the refinancing costs exceed 2% of the refinanced mortgage.

If you have any questions regarding this analysis, please call me.

Sincerely,

RAK

Robert A. Krueger

cc: Gregory A. Meyer
RAK:kh



NOTICE OF LOAN PAYMENT DUE

SHAWMUT BANK CORP.
GENERAL LOAN DEPARTMENT
ONE FEDERAL STREET
EIGHTEENTH FLOOR
BOSTON, MASS 02111

0901	1685643	001	003602	000	12.7500
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PAST DUE
PRINCIPAL DUE
INTEREST DUE
OTHER CHARGES

11,634.91

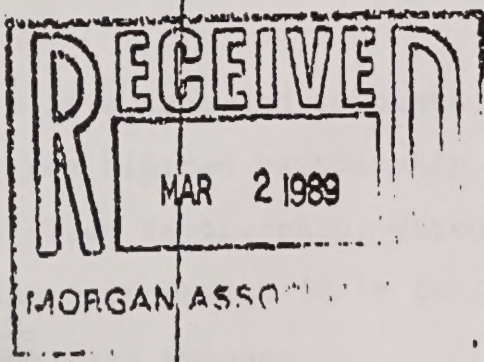
JOHN PAUL JONES LIMITED PARTNERSHIP
C/O MORGAN ASSOCIATES
4 LONGFELLOW PLACE SUITE 3602
BOSTON MA 02114

PAY THIS AMOUNT → \$11,634.91
DUE DATE → 03-01-89

ANNUAL PERCENTAGE RATE 12.7500
CURRENT LOAN BALANCE 1,249,433.45

01-01-89
02-01-89
02-10-89
02-24-89

11,765.49-	11,765.49-	.00
12,041.84-	12,041.84-	.00
CHANGE IN PRIME	HAS AFFECTED YOUR RATE - OLD 11.7500 NEW 12.2500	
CHANGE IN PRIME	HAS AFFECTED YOUR RATE - OLD 12.2500 NEW 12.7500	



• RETAIN ORIGINAL — RETURN DUPLICATE WITH PAYMENT •

951-8151

1,249,433
275,000
4

TO: Warner & Stackpole
75 State Street
Boston, Massachusetts 02109

Central Cooperative Bank
399 Highland Avenue
Somerville, MA 02144

Dennis J. Morgan, President of Morgan Associates, Ltd., as
general partner of John Paul Jones Limited Partnership,
certifies to each of you as follows:

- (1) Attached as Exhibit A is a true and complete copy of
the Ground Lease dated October 31, 1985 between Boston
Redevelopment Authority as Landlord and John Paul
Jones Limited Partnership as Tenant. The Ground Lease
is in full force and effect, has not been amended, and
is not in default.
- (2) Attached as Exhibit B is a true and complete copy of
the Amended and Restated Limited Partnership Agreement
of John Paul Jones Limited Partnership, dated as of
November 5, 1985. The Partnership is in full force
and effect and has not been amended.
- (3) The "Total Project Cost" for the Building 120 Project
as that term is defined in Section 31.10 of the Ground
Lease exceeds the original principal amount of the
\$1,420,000.00 first leasehold mortgage to Central
Cooperative Bank.

Signed under the penalties of perjury this 20th day of April,
1989.

MORGAN ASSOCIATES, LTD.

By:

Dennis J. Morgan, President
Dennis J. Morgan, President

